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31 MAY 1980

MEMORANDUM FOR: Director of Logistics

SUBJECT : Application of Proceeds of Sales
of Personal Property Toward the
Purchase of Replacements

REFERENCE : [REDACTED] same subject, dated
28 July 1955

1. With the view of attempting to recover all funds which can be legally recovered for subsequent Agency use, the policy was adopted, as stated in the reference regulation, to apply proceeds of sales of all personal property toward the purchase of replacements.

2. This brought forward a problem in the Supply Division of your Office, with respect to items other than motor vehicles, in identifying the items disposed of with replacements. This matter has been the subject of much discussion between representatives of our respective Offices. The problem was particularly attributable to the fact that information with respect to disposition, being received by this Office and transcribed to the collection reporting form (Form No. 674), was inadequate to appropriately identify with replacements.

3. In studying the activity to determine a means to simplify the processing of collections that might involve replacement, it was proposed that in lieu of dealing with specific items it would meet the objective of law if the determination of whether a replacement transaction was involved was made on the basis of the over-all Agency inventory level established for each type of property. This proposal was referred to Mr. [REDACTED] of the Office of General Counsel who searched the Comptroller General Decisions and referred us to several decisions dealing with this subject, a few of which applied to our proposal and which indicated that our proposal would not meet the requirements of law. In view of this, Counsel stated that if we were still intent on pursuing our proposal it would be necessary to submit our proposal to the Comptroller General for a specific ruling before adoption.

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4. On further consideration of the problem we then questioned the worthwhileness of pursuing our proposal any further because of the following: (a) the Agency budget includes estimates to cover the application of proceeds of sales toward replacement only with respect to motor vehicles as it is not possible to make realistic estimates on other items; (b) the average amounts involved with respect to property other than motor vehicles are relatively small; and (c) the administrative workload required in positive identification of specific sales with replacements is exceedingly burdensome.

5. In view of the foregoing, we concluded that Agency policy and procedures should be revised to provide only for the application of the proceeds of sales of motor vehicles toward replacements and that all other proceeds be immediately deposited with the U. S. Treasury as "Miscellaneous Receipts". The only exceptions to the foregoing would be in specific instances of dispositions of personal property other than vehicles which involve large sums and which are justified by the affected allottee as having been considered in the approved budget for application toward replacements.

6. Action will be taken by this Office to revise the referenced Agency Regulation accordingly.

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E. R. SAUNDERS
for Comptroller

Distribution:

Orig. & 1 - Addressee

1 - Signer

1 - OGC (Mr. [REDACTED])

1 - Chief, Budget

1 - Chief, Fiscal

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